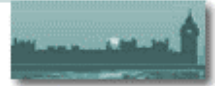




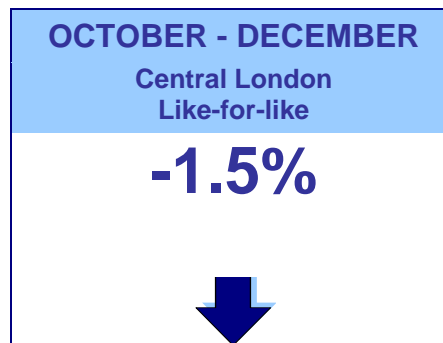
LONDON RETAIL SALES MONITOR DECEMBER 2004



Strictly Embargoed until 9:00 hrs – 17 January 2005

DECEMBER SALES HEARTBREAK FOR LONDON STORES

- Retail sales in Central London during December were 2.5% lower, on a like-for-like basis, than in December 2003 when sales edged up after a weak November 2003.
- The three-month trend rate of growth in December fell to a 1.5% decrease from 0.9% decrease in November for like-for-like sales in Central London.
- A further decline in the dollar was reflected in a sharp drop in spending by American tourists. Russian, Australian and Chinese visitor numbers also slowed, offsetting the increase in those from the Middle East.
- London sales performed worse than those in the UK as whole in December, having outperformed the UK in November. For the whole of 2004, sales were stronger in London than in the UK, with an average monthly gain of 2.1% compared with 1.6% for the UK.



David Southwell, LRC Director, comments:

“These figures represent one of the worst Christmas periods ever experienced by London’s retailers. The sense of disappointment over this performance is made worse by level of margin-squeezing, all-out promotional activity that many retailers had to indulge in during December. Shoppers favouring out-of-centre locations for the post-Christmas sales also hit Central London stores.

“It is becoming clear that consumer confidence in the capital has been worse hit than in the UK as a whole – especially due to factors such as last year’s interest rate rises, fears over the future of the housing market and increases in Council Tax. Added to this is the worrying shortfall of dollar tourists and UK domestic visitors which will increase retailers’ concern over the prospects for the coming months.”

Helen Dickinson, Head of Retail, KPMG, comments:

“The Central London sales figures are particularly disappointing for many retailers in the capital given that the overall performance of the UK was not as abysmal as some had anticipated and the fact that they are on the back of a weak 2003 Christmas.

This is also bad news for retailers’ margins as their cost base continues to rise with higher people and property costs. Combine this with the level of promotional activity that was needed to drive this level of sales over the Christmas period and we see some challenging times ahead. It has been particularly tough for the home and furniture sectors and this shows no sign of abating in the near future.”

CENTRAL LONDON PERFORMANCE - DECEMBER 2004

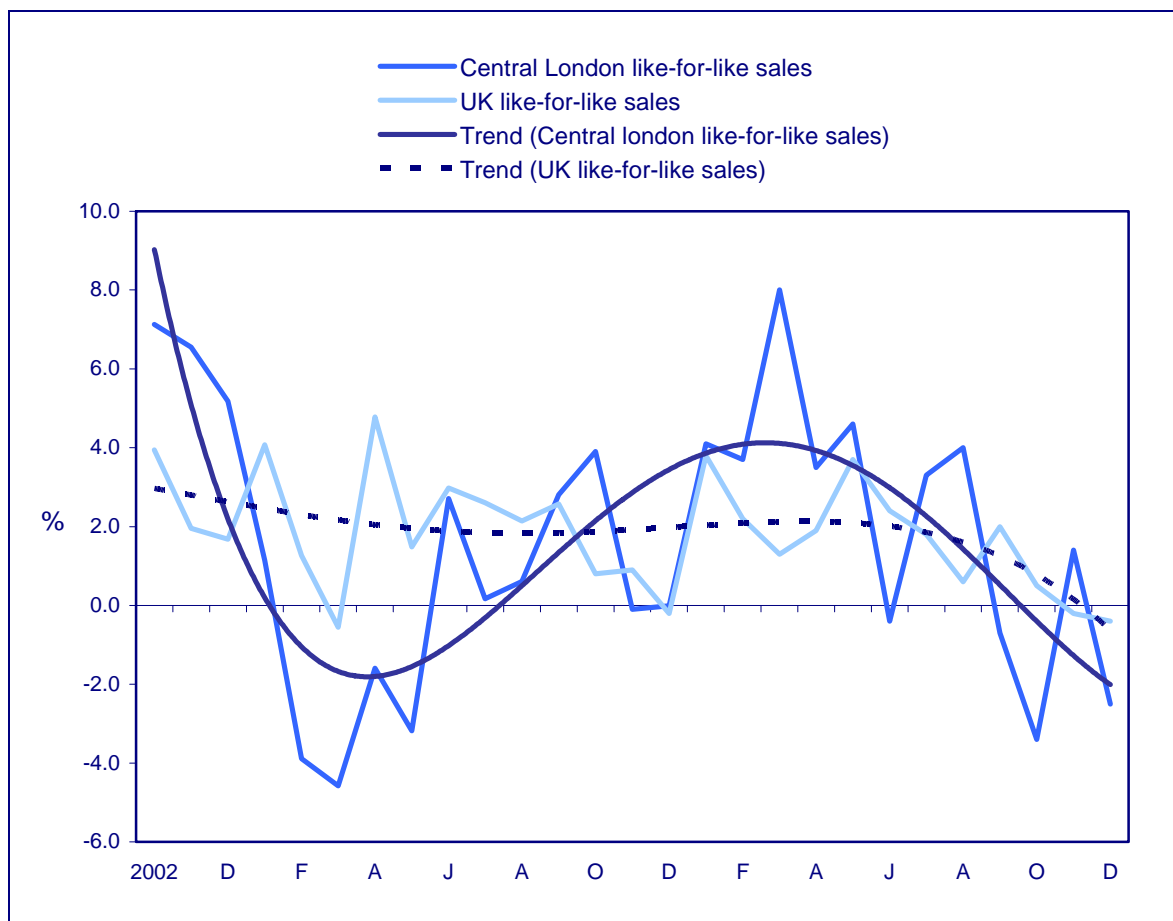
Joscelyne Hynard, Senior Analyst – Business Information Team

Retail sales in Central London during December showed a 2.5% year-on-year fall compared with the marginal decline in December 2003. This was worse than November's 1.4% gain but still better than the 3.4% decrease in October, when the comparison was distorted by a strong year-earlier figure.

The weakness of US tourist spending, as the dollar/sterling exchange rate fell even further, was only partially offset by an increase in Middle Eastern tourist numbers. The increase in Russian, Australian and Chinese visitors also slowed. However, catering and instore restaurants enjoyed some growth.

Big-ticket items such as furniture, sound and vision continued to struggle, and for some were disappointing even after price promotions. Home accessories sales were also difficult. Brighter points included womenswear, women's boots, beauty products and gift foods.

% INCREASE YEAR-ON-YEAR IN RETAIL SALES VALUE



% INCREASE YEAR-ON-YEAR IN RETAIL SALES VALUE

	2002		2003		2004	
	Central London Like-for-like	UK Like-for-like	Central London Like-for-like	UK Like-for-like	Central London Like-for-like	UK Like-for-like
January	-	-	1.1	4.1	4.1	3.8
February	-	-	-3.9	1.3	3.7	2.2
March	-	-	-4.6	-0.5	8.0	1.3
April	-	-	-1.6	4.8	3.5	1.9
May	-	-	-3.2	1.5	4.6	3.7
June	-	-	2.7	3.0	-0.4	2.4
July	-	-	0.2	2.6	3.3	1.8
August	-	-	0.6	2.1	4.0	0.6
September	-	-	2.8	2.6	-0.7	2.0
October	7.1	3.9	3.9	0.8	-3.4	0.5
November	6.6	2.0	-0.1	0.9	1.4	-0.2
December	5.2	1.7	-0.01	-0.2	-2.5	-0.4

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The December 2004 London RSM covers the four weeks from 28 November 2004 – 1 January 2005 and provides the most up-to-date reflection of recent retail performance in London.

The January 2004 London RSM will be published on 14 February 2005. The data is collected and collated for the BRC by KPMG.

NOTES

The London Retail Sales Monitor (LRSM) measures changes in the actual value of retail sales from a sample of retailers. The LRSM measures the value of spending and hence does not adjust for price changes. If prices are rising, sales volumes will increase by less than sales values. In times of price deflation, sales volumes will increase by more than sales values.

Retailers report the value of their sales and sales in the equivalent week a year ago. These figures are reported both in total and on a 'like-for-like' basis. The percentage increase in the value of sales on a 'like-for-like' basis removes the effect of the expansion of retail floorspace by the retailers concerned on their sales total. Due to the sample being biased towards large retailers, the 'like-for-like' increase usually provides a more accurate guide to general spending patterns, though it will be biased downwards as an estimate of the growth rate for retail as a whole.

Seasonal adjustment is not normally needed because the figures compare sales this month with the comparable period last year. However, changes in the timing of Bank Holidays and Easter can create distortions, which should be considered in the interpretation of the data.

In its role as administrator of the London Retail Sales Monitor, KPMG is responsible for the aggregation of the retail sales data provided by the retailers on a monthly basis. This data consists of the relevant current month's sales data and

comparative sales figures for the same period in the prior year. The accuracy of the data is entirely the responsibility of the retailers providing it. The administrator role has been performed by KPMG since 2 November 2003. The commentary from KPMG is intended to be of general interest to readers but is not advice or a recommendation and should not be relied upon without first taking professional advice. Anyone choosing to rely on it does so at their own risk. KPMG will accept no responsibility or liability in connection with its administration of the LRSM and its aggregation work to any party other than the LRC and its parent company the BRC.

Central London does include the following areas: Oxford Street, New Oxford Street, Tottenham Court Road, Soho, Covent Garden, Knightsbridge, Kensington High Street and parts of Chelsea.

Greater London is everything within the M25 including Central London, please note that it **excludes** Bluewater and Lakeside.

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